

**OFFICE OF ADMINISTRATIVE HEARINGS****A.R.S. § 41-1092.01**

Cliff Vanell, Director

JLBC Analyst: Jeff Gossrow

**General Fund and Other  
Appropriated Funds****FY 1998  
Actual****FY 1999  
Estimate****FY 2000  
Approved****FY 2001  
Approved**

FTE Positions	22.0	22.0	31.0	31.0
Personal Services	907,500	972,100	1,440,600	1,471,400
Employee Related Expenditures	185,400	198,200	277,000	290,900
Professional and Outside Services	32,800	31,400	38,600	37,100
Travel - In State	28,500	28,000	34,800	34,800
Travel - Out of State	1,400	0	0	0
Other Operating Expenditures	144,600	151,300	310,500	282,500
Equipment	29,600	0	23,800	0
<b>Total Appropriations</b>	<b>1,329,800</b>	<b>1,381,000</b>	<b>2,125,300</b>	<b>2,116,700</b>

Fund Summary

General Fund	597,900	616,400	1,275,000	1,250,900
Office of Administrative Hearings Fund	731,900	764,600	836,500	852,000
AHCCCS Donations Fund	0	0	13,800	13,800

<b>Total Appropriations</b>	<b>1,329,800</b>	<b>1,381,000</b>	<b>2,125,300</b> <sup>1/2/3/</sup>	<b>2,116,700</b> <sup>1/2/3/</sup>
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**Agency Description** — *The Office of Administrative Hearings (OAH) is an independent office whose services and personnel are to be used by all state agencies to conduct administrative hearings, unless exempted by law. All agencies supported by other appropriated or non-appropriated funding sources are to contract for administrative hearing services from the office. The Director shall assign Administrative Law Judges (ALJ) from the office to an agency, on either a temporary or permanent basis, to preside over contested cases in accordance with the special expertise of the ALJ in the subject matter of the agency.*

**Cost Allocation Plan** — It is legislative intent to consider a new agency cost allocation plan during the 2000 legislative session. Under this plan, OAH costs will be allocated on the basis of “billable hours” and agency charges will now reflect the actual time expended by a hearing officer. In addition, each agency charge would include an indirect cost assessment for OAH’s fixed costs. The indirect cost assessment will be based on an agency’s proportional use of OAH hearing officers. To simplify state accounting, OAH will continue to receive a direct General Fund appropriation for all charges related to General Fund agencies.

A footnote requires OAH to submit a report to JLBC by October 1, 1999 and by October 1, 2000 on actual usage of services by agencies. This report will serve as the basis for the new cost allocation charges. These charges will then be compared to the FY 2001 appropriation enacted by the Legislature and supplementals will be recommended as necessary.

**AHCCCS Caseload Transfer** — The approved amount for FY 2000 includes the transfer of 6 FTE Positions,

\$294,900 in General Fund monies, and \$13,800 in Other Fund monies from AHCCCS to OAH. The transfer implements Laws 1998, Chapter 57, which assigned the AHCCCS Medicaid appeals function to OAH beginning in FY 2000. In addition to the General Fund and Other Fund amounts, AHCCCS also expends \$159,000 Federal Funds for 3 FTE Positions on this function. The expenditure authority will be retained in the AHCCCS budget and will be transferred to OAH through an interagency agreement. In FY 2001, OAH’s General Fund appropriation is reduced by \$(23,800) for the elimination of one-time expenditures.

**DES Appeals Caseload** — The approved FY 2000 amount includes a General Fund increase of \$185,200 and 3 Administrative Law Judge positions for DES child abuse cases. This amount is continued in FY 2001. Laws 1997, Chapter 224 requires OAH to determine if sufficient evidence exists to uphold unsubstantiated findings of child abuse or neglect by DES. In FY 1999, funding for these positions was contained in DES’s budget, and was transferred to OAH through an Interagency Service Agreement. This funding will now be appropriated in the OAH budget.

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

<sup>2/</sup> The Office of Administrative Hearings shall submit a report to the Joint Legislative Budget Committee by October 1, 1999 and October 1, 2000 detailing the direct and indirect costs of hearings by agency in the prior fiscal year. The indirect cost assessment will be based on an agency’s proportional use of Administrative Law Judge’s time. (General Appropriation Act footnote)

<sup>3/</sup> It is the intent of the Legislature that monies received by the Office of Administrative Hearings from the Registrar of Contractors be deposited into an Office of Administrative Hearings Fund. (General Appropriation Act footnote)

## OFFICE OF ADMINISTRATIVE HEARINGS (Cont'd)

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**Salary Increases** — The approved FY 2000 amount includes increases of \$48,900 from the General Fund and \$15,400 from the Office of Administrative Hearings Fund for administrative law judge pay raises. These amounts are continued in FY 2001.

**Travel** — The approved FY 2000 amount includes an increase of \$5,600 from the Office of Administrative Hearings Fund for Travel - In State. This amount is continued in FY 2001.

**Relocation** — The approved FY 2000 amount includes a General Fund increase of \$102,100 to relocate the Office of Administrative Hearings (OAH) to new offices in both Phoenix and Tucson. In FY 2001, this amount is reduced by \$(29,500) for the elimination of one-time expenditures.

**Office of Administrative Hearings Fund** — The approved amounts reflect monies transferred from the Registrar of Contractors to the OAH for Administrative Law Judges and associated services. The approved FY 2000 amount includes \$68,900 due to an increase in the caseload and an Administrative Law Judge salary increase. The approved FY 2001 amount includes a further increase of \$3,300 due to the increased caseload.

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